

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION**

SAINT LOUIS UNIVERSITY,)	
)	
Plaintiff,)	
)	Case No.: 4:09-cv-01483-RWS
vs.)	
)	
UNITED STATES OF AMERICA,)	
)	
Defendant.)	
_____)	

**STATUS REPORT AND NOTICE OF CHANGE
OF IRS ADMINISTRATIVE POSITION**

The United States is filing this status report to give notice of a change in the Internal Revenue Services's administrative position that may affect this litigation. Plaintiff has taken the position that it was not required to pay FICA taxes for its medical residents based on the student FICA exception in 26 U.S.C. § 3121(b)(10). The United States advises the plaintiff and the Court that the Internal Revenue Service announced in a press release on March 2, 2010, that the Internal Revenue Service has made the administrative determination to accept the position that medical residents are excepted from FICA taxes based on the student exception under 26 U.S.C. § 3121(b)(10), for tax periods ending before April 1, 2005. The Internal Revenue Service will continue to dispute that medical residents are entitled to the student exception for periods ending after March 31, 2005, when IRS Regulation § 31.3121(b)(10)-2 became effective. We understand that the Service expects to make the administrative procedures for making claims under this administrative determination available within the next 90 days.

Once the Service has released its administrative procedures, the parties will discuss the best manner in which to proceed in this case. The United States will agree to a request by the plaintiff to dismiss this action without prejudice so that it can obtain the administrative treatment. If the plaintiff decides to continue with the litigation, the Tax Division of the Department of Justice will recommend to the Associate Attorney General (who has final settlement and concession authority in this case under 28 U.S.C. §§ 0.160, 0.161, 0.164) that

the issue in this case whether medical residents are entitled to the student exception be resolved consistent with the IRS administrative determination as set forth in the press release. We will continue to work with Plaintiff's counsel to further the goal of resolving any remaining issues.

Respectfully submitted:

Date: March 3, 2010

/s/ Hilarie Snyder
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CERTIFICATE OF SERVICE

I hereby certify on this 3rd day of March, 2010 that I electronically filed this status report with the Court's electronic filing system, which automatically sends a copy of this document to Counsel for St. Louis University, Lewis, Rice & Fingersh, L.C., Winthrop B. Reed, William Falk, and Carine M. Doyle, 500 North Broadway, Suite 2000, St. Louis, MO 63112.

/s/ Hilarie Snyder
Hilarie Snyder